

Message Text

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SUBJ: DPC REVIEW OF DANISH FORCE GOALS

REF: A) USNATO 1045, 251720Z FEB 76

SUMMARY: DENMARK HAS THE ECONOMIC CAPABILITY OF INCREASING DEFENSE SPENDING BY 4 PERCENT PER YEAR BUT ACHIEVING SUCH AN INCREASE IS PRESENTLY POLITICALLY ALMOST IMPOSSIBLE. AN DPC REVIEW SHOULD BE AIMED AT STRENGTHENING THE POSITION OF DANISH DEFENSE ADVOCATER HERE. END SUMMARY

1. WE THOUGHT IT MIGHT BE USEFUL ON THE OCCASION OF THE DPC REVIEW (REF A) TO COMMENT ON DANISH DEFENSE SPENDING AND CAPABILITIES. THE DANISH ECONOMY COULD SUPPORT AN INCREASE IN DEFENSE SPENDING TO 2.7 PERCENT OF GROSS DOMESTIC PRODUCT (GDP). THE PRESENT SOCIO-POLITICAL CLIMATE IN DENMARK, HOWEVER, VIRTUALLY RULES OUT SUCH AN INCREASE. THE DANES, AND THE DANISH SOCIAL DEMOCRATIC GOVERNMENT IN PARTICULAR, ARE UNWILLING TO MAKE FURTHER REDUCTIONS IN SPENDING ON SOCIAL WELFARE PROGRAMS IN ORDER TO ACHIEVE A 2.7 PERCENT LEVEL IN DEFENSE SPENDING.

2. THE CHIEF OF DEFENSE RECENTLY TOLD ARMA THAT HE REALISTICALLY
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PAGE 02 COPENH 00722 040747Z

CANNOT EXPECT AN INCREASE IN DEFENSE SPENDING AS A PERCENTAGE OF

GDP. HE WILL BE VERY HAPPY IF HE CAN HOLD DEFENSE SPENDING AT 2.4 PERCENT DURING A PERIOD WHEN SPENDING ON OTHER SECTORS OF THE NATIONAL BUDGET WILL BE REDUCED.

3. DENMARK AVERAGED A 2.7 PERCENT GDP EXPENDITURE ON DEFENSE DURING THE 1960'S BUT BEGINNING IN 1970 DEFENSE SPENDING DROPPED TO 2.4 PERCENT OF GDP AND HAS REMAINED THERE FOR SIX YEARS.

4. FROM 1966-1975, HOWEVER, DENMARK INCREASED DEFENSE CAPITAL EXPENDITURES FROM 15 PERCENT TO 21 PERCENT OF THE TOTAL DEFENSE BUDGET, WHILE PAY AND ALLOWANCES HAVE HELD STEADY AT 50 PERCENT OF THE TOTAL. SINCE INDIVIDUAL PAY AND ALLOWANCES HAVE INCREASED BY ALMOST 100 PERCENT (DANISH SOLDIERS ARE REPORTEDLY THE HIGHEST PAID AND POSSIBLY THE HIGHEST TAXED IN THE WORLD), THIS HAS MEANT AT 25 PERCENT REDUCTION IN SERVICE PERSONNEL OVER THE TEN-YEAR PERIOD. THIS REDUCTION, TOGETHER WITH A SHORTENED PERIOD OF CONSCRIPT SERVICE (FROM 18 MONTHS TO 9 MONTHS) AND RECENT REQUIREMENTS OF OVERTIME PAY OR COMPENSATORY TIME OFF FOR OVER 40 HOURS WORK A WEEK, HAVE LOWERED THE OPERATIONAL CAPABILITIES OF DANISH DEFENSE.

5. A CLEARER PICTURE WILL EMERGE BY THE END OF THIS MONTH AS TO WHAT DIRECTION DENMARK WILL TAKE IN FUTURE DEFENSE APPROPRIATIONS. A NEW DEFENSE AGREEMENT ALONG THE GENERAL LINES OF THE PRESENT ONE SEEMS TO BE ON TRACK AND MAY BE CONCLUDED BEFORE APRIL. IN ANY CASE, THE FY1976-1977 DEFENSE BUDGET MUST BE APPROVED PRIOR TO THE BEGINNING OF THE NEW FISCAL YEAR ON 1 APRIL. AT THAT TIME WE WILL SUPPLEMENT THIS MESSAGE WITH AN UPDATED ANALYSIS OF DANISH DEFENSE EXPENDITURES.

6. WE RECOMMEND THAT THE DRC ENCOURAGE THE DANES TO MAINTAIN THE ADMIRABLE CONCEPT THEY HAVE ACHIEVED IN THE CONCLUSION OF A MULTI-YEAR DEFENSE AGREEMENT. AT THE SAME TIME, WE SHOULD KEEP THEIR FEET TO THE FIRE ON SPENDING LEVELS AND OPERATIONAL READINESS. SUCH PRESSURES WILL REINFORCE THE POSITION HERE OF ADVOCATES OF A STRENGTHENED - OR AT LEAST NOT A FURTHER WEAKENED - DANISH DEFENSE POSTURE.'

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